

GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.148
TO BE ANSWERED ON 11.12.2018

ENERGY CRISIS IN INDIA

148. SHRI D. RAJA:

Will the Minister of **POWER**
be pleased to state:

(a) whether Government is aware of the present energy crisis in the country wherein power producers sit on thousands of megawatts of underutilized capacities and are facing insolvency proceedings while the consumers are facing power cuts and load shedding; and

(b) if so, the major problems faced by the power producers and remedial measures which are being taken to solve the problems?

A N S W E R

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER AND
NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) & (b) : As informed by Central Electricity Authority (CEA), the details of Power Supply position for the current year are given below:

Year	Energy Requirement (MU)	Energy Supplied (MU)	Energy not Supplied (%)	Peak Demand (MW)	Peak Met (MW)	Demand not Met (%)
Apr,2018- Oct,2018*	769,399	764,627	0.6	177,022	175,528	0.8

It may be seen that the energy required and peak demand have been largely met.

Government have reviewed the status of 34 stressed Thermal Power Projects, as per the list provided by Department of Financial Services. Government have identified the major reasons for stress in the Power Sector, which are as follows:

- Issues related to Coal supply,
- Slow growth in Power demand,
- Delayed payments by DISCOMs,
- Inability of the Promoter to infuse equity and service debt,
- Slow implementation of project by the developers,
- Issues related to Banks/ FIs
- Aggressive tariffs quoted by bidders in competitive bidding process,
- Regulatory and contractual disputes,
- Legal issues related to auctioned coal mines,

- Other operational issues such as delay in land acquisitions, inadequate transmission system etc.

Govt. of India have taken following steps to resolve the issues related to stress in power projects:

- I. **Fuel Linkages under SHAKTI;** The government has approved a new coal linkage allocation policy on May 17, 2018 named SHAKTI (Scheme for harnessing & allocating koyla transparently in India). Under the scheme, auction of coal linkages for Independent Power Producers (IPPs) with PPAs based on domestic coal has been conducted on September 12, 2017. IPPs having PPA but no coal linkages have participated in the auction and linkages have been granted to 11549 MW capacity (10 projects) including five stressed projects of total 8490 MW capacity, and these projects have been resolved. Under B(i) provision of SHAKTI scheme, linkages have been granted to States/ Central Gencos for 8870 MW for 10 projects.
- II. **Pilot project for procurement of 2500 MW;** In order to address the problem of lack of Power Purchase Agreements (PPAs) in the country, The Ministry of Power has notified a scheme for procurement of 2500 MW on competitive basis for a period of 3 years from the generators with commissioned projects having untied capacity. Under the scheme, PFC Consulting Ltd. invited bids for 2500 MW of power wherein PTC India Limited acted as an aggregator of demand for purchase of power from the power projects and sell that power to states utilities. Bids have been received from 7 (seven) projects for aggregate power of 1900 MW. Letter of Award (LOA) has been issued to all the successful bidders (1900 MW). This will potentially improve the financial viability of the power projects and help developers in serving the debt obligations.
- III. **Rationalization of Coal Escalation Index;** Some generators were facing under-recoveries due to anomalies in the coal escalation index published by Department of Industrial Policy and Promotion (DIPP). Now, CERC vide notification dated June 1st, 2018 has amended the guidelines for determination of tariff by bidding process of power procurement by distribution licensee to remove those anomalies and adopt a new series of Wholesale Price Index (WPI) in non-coking coal (G7-G14). On the basis of the new Notification of CERC, w.e.f. April 1, 2017, the generators will be eligible for revised tariff calculated on the basis of new series of WPI for non-coking coal (G7-G14). This will largely take care of the issues of under recovery of the generator's dues.
- IV. **Additional cost implication to meet the new environment norms:** The Ministry of Power has issued direction to Central Electricity Regulatory Commission (CERC) under section 107 of The Electricity Act, 2003 on May 30, 2018 stating that the additional cost implications due to installation or up-gradation of various emission control systems and its operational cost to meet new environment norms, after award of a bid or signing of a PPA, as the case may be, shall be considered for being made pass through in tariff.

- V. **Allowing pass-through of any change in domestic duties, levies, cess, and taxes imposed by the government:** Tariff policy 2016 provided that any change in domestic duties, levies, cess & taxes imposed by Central/ State/ UTs etc. after award of bids, leading to corresponding changes in cost, may be treated as a change in law and allowed as pass through subject to PPA provisions and approval of appropriate Commission. Further, Ministry of Power vide letter dated August 27, 2018 issued directions to CERC for time bound determination of per unit impact of such change in law in 30 days of filing of petition. MoP directives also provide that the impact of such change in law shall be effective from the date of change in law, and that CERC order in one case shall be applicable "ipso facto" in all similar cases.
- VI. **DISCOM Payment Monitoring App PRAAPTI:** A new App PRAAPTI (Payment Ratification and Analysis in Power Procurement for Bringing Transparency in Invoicing of generators) has been launched by the Ministry of Power to bring more transparency in the payment system by DISCOMs. The generators are being actively encouraged to feed in their invoicing and payments data in the portal.
- VII. **Steps taken to reduce the cost of generation:** Reduction in the generation cost is likely to improve the ability of DISCOMs to purchase more power and thus create more demand for power generators. The government has taken various steps to reduce the cost of generation, which are as under:-
- a. **The introduction of third party sampling by Central Institute of Mining and Fuel Research (CIMFR):** The Government has started third party sampling of coal at both loading and unloading end of coal supply from CIL to Generators. There has been considerable improvement in the quality of coal supplied by the Coal India Limited. Due to improvement in coal quality and improvement in the efficiency of plants, there has been a reduction of 6-8 per cent on an average in specific coal consumption by coal based thermal power plants.
 - b. **Coal linkage rationalization:** The coal linkages have been rationalized to optimize the cost of transportation of coal and thus reducing the cost of generation. Flexible utilization of domestic coal has also resulted in substantial savings of generation cost.
